



Legislative Fiscal Bureau

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October 15, 2013

TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: 2013-15 and 2015-17 General Fund Budget

The following tables (in millions) provide information on the condition of the state's general fund for 2013-15 and 2015-17 under: the actual 2012-13 closing balance (2013-14 opening balance); the 2013-15 budget (2013 Act 20); bills enacted, to date, in the current legislative session (thru 2013 Act 45); and bills scheduled for a Joint Finance Committee executive session on October 15, 2013. Table 1 displays the projected 2013-15 general fund condition statement.

TABLE 1
2013-15 General Fund Condition Statement

	<u>2013-14</u>	<u>2014-15</u>
Revenues		
Opening Balance, July 1	\$759	\$505
Taxes	14,009	14,514
Departmental Revenues		
Tribal Gaming Revenues	26	27
Other	<u>590</u>	<u>534</u>
Total Available	\$15,384	\$15,580
Appropriations, Transfers, and Reserves		
Gross Appropriations	\$15,029	\$15,513
Transfers to:		
Transportation Fund	61	144
Veterans Trust Fund	5	0
Compensation Reserves	79	133
Less Lapses	<u>-295</u>	<u>-335</u>
Net Appropriations	\$14,879	\$15,455
Balances		
Gross Balance	\$505	\$125
Less Required Statutory Balance	<u>-65</u>	<u>-65</u>
Net Balance, June 30	\$440	\$60

Table 2 focuses only on the 2014-15 fiscal year. 2014-15 is the "base year" for construction of the 2015-17 budget.

TABLE 2

2014-15 General Fund Condition Statement

	<u>2014-15</u>
Opening Balance, July 1	\$505
Revenues (Taxes and Departmental Revenues)	<u>15,075</u>
Total Available	\$15,580
Net Appropriations	\$15,455
Gross Balance	\$125

Table 3 addresses the structure of the general fund budget. To do so, only the revenues, net appropriations, and the difference between the two is shown. Thus, Table 3 ignores the opening balance and focuses only on the revenues and net appropriations for the 12 months of the fiscal year.

TABLE 3

2014-15 Balance of Revenues and Expenditures

	<u>2014-15</u>
2014-15 Revenues	\$15,075
Net Appropriations	<u>15,455</u>
Difference	-\$380

Table 3 indicates that net appropriations exceed revenues by \$380 million. Thus, the structure of the general fund shows a balance of -\$380 million. The -\$380 million becomes \$125 million when the \$505 million opening balance is considered. However, Table 3 focuses only on the revenues and net appropriations for the 12-month period (July, 2014, through June, 2015).

Table 4 shows estimated 2015-17 general fund commitments. This table reflects estimated increases or decreases of various items for each year of the 2015-17 biennium as a change to base year (2014-15) revenues and net appropriations.

TABLE 4**2015-17 General Fund Commitments**

	<u>2015-16</u>	<u>2016-17</u>
Revenues (Taxes and Department Revenues)		
2014-15 Base Revenues	\$15,075	\$15,075
Modifications to Base		
Manufacturing and agriculture credit	-\$41	-\$74
Capital gains for Wisconsin-based assets	0	-6
Collections from federal audit reports	0	-10
Increase cap for economic development credits	2	8
Phase-out medical records credit	3	5
Program revenue lapses	<u>-38</u>	<u>-38</u>
Subtotal-- Modifications	-\$74	-\$115
Total	\$15,001	\$14,960
Net Appropriations		
2014-15 Base	\$15,455	\$15,455
Modifications to Base		
Transfer to DOT	-\$108	-\$108
Depletion of TANF balance	37	41
Zoo Interchange bonding debt service	11	14
Debt service (excluding Zoo interchange)	-11	-82
Parental choice program	16	33
FoodShare work requirements	8	8
Disaster damage aids	-9	-9
Disproportionate share hospital payments	-15	-15
Mental health services	9	9
TB response	-2	-2
Attorney pay progression	5	9
Covenant	0	-4
Health care data grants	-2	-3
Kenosha County human services	-1	-1
MA fiscal agent	0	-1
Courts lapse	5	5
Legislative lapse	5	5
UI interest payment	-7	-7
Technical Excellence Scholarships (2013 AB 398)	<u>1</u>	<u>2</u>
Subtotal -- Modifications	-\$58	-\$106
Total	\$15,397	\$15,349

Table 5 places the figures from Table 4 into condition statement format for the 2015-17 biennium. No assumptions are made about changes (increases or decreases) in caseload and population estimates or for such items as state employee compensation in the 2015-17 biennium. Also, the figures in Table 5 are displayed for the purpose of examining base revenues and appropriations, adjusted for 2015-17 commitments. The table does not reflect any potential revenue growth or other appropriation changes.

TABLE 5

**2015-17 General Fund Condition Statement
(Before Revenue Growth and Program Expansion)**

	<u>2015-16</u>	<u>2016-17</u>
Opening Balance, July 1	\$125	\$65
Revenues (from Table 4)	<u>15,001</u>	<u>14,960</u>
Total Available	\$15,126	\$15,025
Net Appropriations (from Table 4)	\$15,397	\$15,349
Required Balance	<u>65</u>	<u>65</u>
Total	\$15,462	\$15,414
Amount Needed	\$336	\$389
Biennial Amount		\$725

Table 5 shows that, for 2015-16, the general fund would need to generate \$336 million in order to meet commitments under current law and the provisions of 2013 Act 20, maintain the required statutory balance, and balance the budget for that year. In 2016-17, \$389 million (\$53 million over the \$336 million in 2015-16) would need to be realized.

Table 6 lists the estimated general fund amounts necessary to produce a balanced budget for 2015-17 and the nine preceding biennia.

TABLE 6**General Fund Amounts Necessary for a Balanced Budget***

	<u>1st Year</u>	<u>2nd Year</u>	<u>Total</u>
For the 2015-17 Biennium			
October 15 Memo	\$336	\$389	\$725
2013 Act 20	231	314	545
Legislature	239	317	556
Joint Finance	202	303	505
Governor	336	348	684
For the 2013-15 Biennium	-140	-6	-146
For the 2011-13 Biennium	1,232	1,279	2,511
For the 2009-11 Biennium	800	882	1,682
For the 2007-09 Biennium	653	846	1,499
For the 2005-07 Biennium	701	845	1,546
For the 2003-05 Biennium	1,340	1,527	2,867
For the 2001-03 Biennium	693	1,026	1,719
For the 1999-01 Biennium	589	914	1,503
For the 1997-99 Biennium	624	908	1,532

*Except for 2013-15, all figures indicate amounts necessary to produce a balanced budget. A surplus of \$146 million is shown for 2013-15.

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